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January 13, 2003

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston Zone, Reservoir A; Cotton Valley Formation,
Reservoir A; and Lower Cotton Valley Zone,
Reservoir A; ELM GROVE FIELD, Caddo and
Bossier Parishes, Louisiana.

Dear Sir:

SUNLAND PRODUCTION COMPANY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston Zone, Reservoir A; to the Cotton Valley Formation, Reservoir A; and to the Lower Cotton Valley Zone, Reservoir A; in the Elm Grove Field, Bossier Parish, Louisiana:

1. To create two (2) additional drilling and production units for the exploration for and production of gas and condensate from the Lower Cotton Valley Zone, Reservoir A, such units being shown on an attached plat and being designated LCV RA SU67 and LCV RA SU68.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed additional units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.
3. To designate Applicant as Operator of LCV RA SU68.
4. To designate the Sunland Production Company, Inc. (formerly Anadarko Petroleum Corporation)--Sorenson (formerly Allison) No. 1 Well, located as shown on an attached plat, as the unit well for LCV RA SU68, in exception to the well location provisions of Office of Conservation Order No. 361-E, effective July 16, 1996.
5. To designate Applicant as Operator of HOSS RA SU86.
6. To designate the Sunland Production Company, Inc. (formerly Anadarko Petroleum Corporation)--Sorenson (formerly Allison) No. 1 Well, located as shown on an attached plat, as the unit well for HOSS RA SU86, in exception to the well location provisions of Office of Conservation Order No. 361-A-1, effective October 1, 1972.

7. To approve the downhole combination of production from the Lower Cotton Valley Zone, Reservoir A, the Cotton Valley Formation, Reservoir A, and the Hosston Zone, Reservoir A, or any combination thereof, in the wellbore of the Sunland Production Company, Inc. (formerly Anadarko Petroleum Corporation)--Sorenson (formerly Allison) No. 1 Well, and in the wellbore of any future wells located on LCV RA SU68, CV RA SU102 and HOSS RA SU86 in which the ownership interests in the intervals to be combined downhole are identical.

8. To approve the downhole combination of production from the Lower Cotton Valley Zone, Reservoir A, the Cotton Valley Formation, Reservoir A, and the Hosston Zone, Reservoir A, or any combination thereof, in the wellbore of any well located on LCV RA SU67, CV RA SU61 and HOSS RA SU55 in which the ownership interests in the intervals to be combined downhole are identical.

9. To discuss such other matters as may be pertinent.

The Hosston Zone, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-A-1, effective October 1, 1972.

The Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-B, effective October 1, 1973, and Office of Conservation Order No. 361-B-6, effective May 24, 1978.

The Lower Cotton Valley Zone, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-E, effective July 16, 1996.

Pertinent data concerning this application is available for inspection at the offices of Sunland Production Company, Inc., 416 Travis Street, Suite 1404, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Mr. Don Easterwood at (318) 222-3538 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated December 30, 2002, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set January 22, 2003, as the tentative date for the pre-application conference. No request for the pre-application conference was received; accordingly, no pre-application conference was held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the two (2) unit plats (which are identical to the unit plats attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of each of the attached plats is being sent to the District Manager of the Shreveport District of the Office of

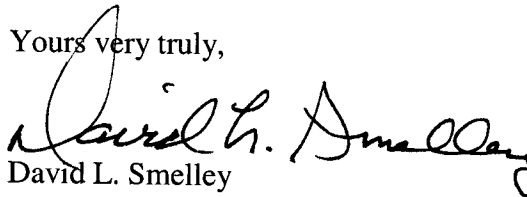
Honorable James H. Welsh
January 13, 2003
Page 3

Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of each of the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Elm Grove Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

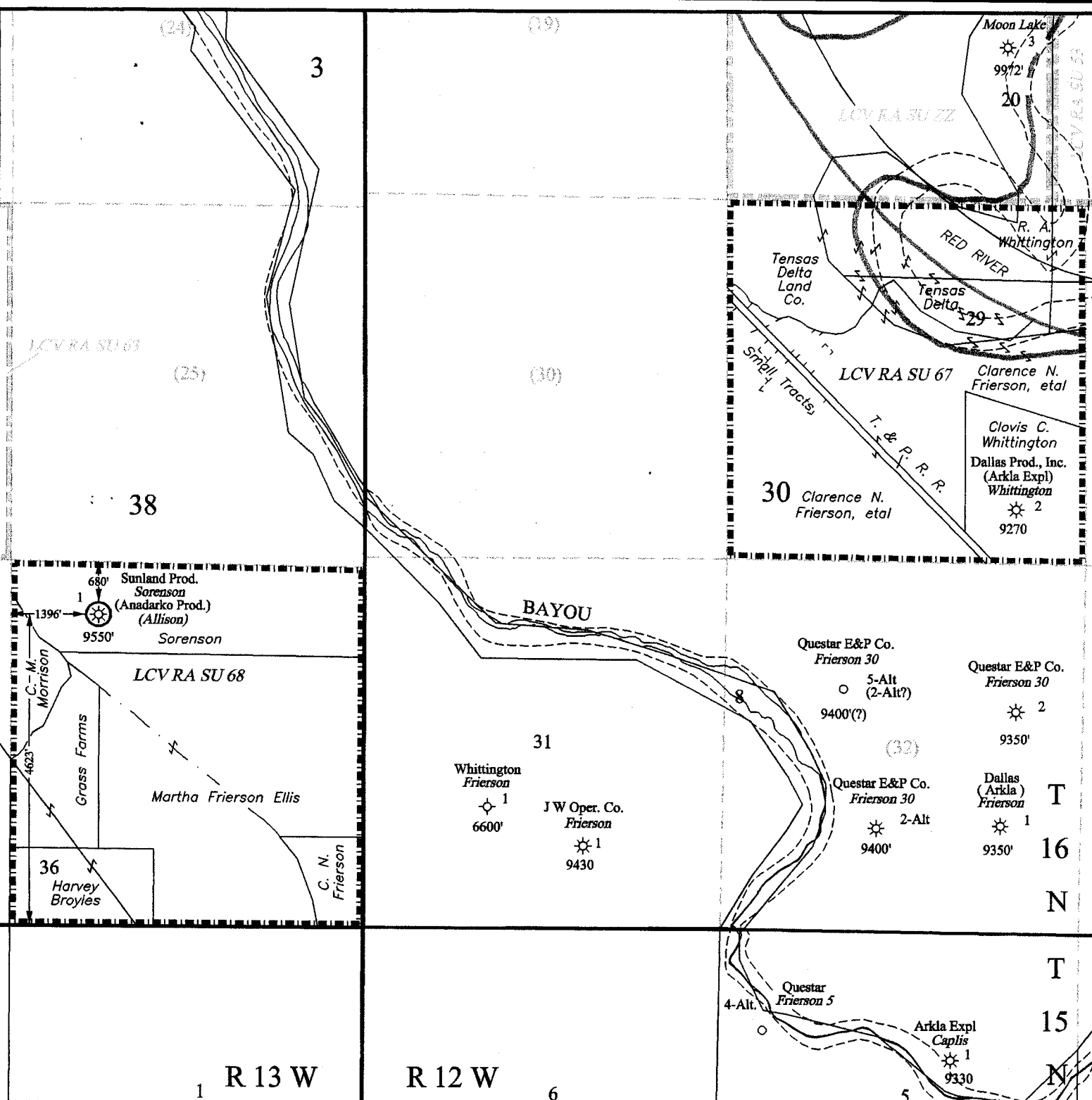
Yours very truly,


David L. Smelley

-- Attorney for Sunland Production Company, Inc.

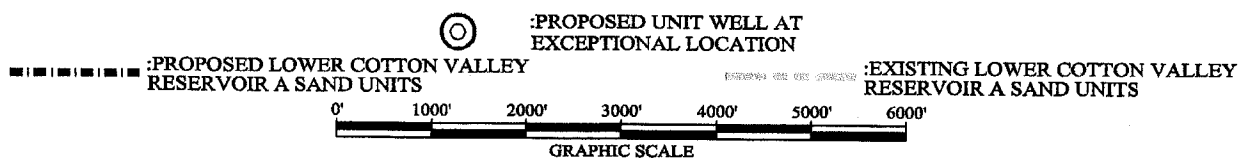
DLS:dp
Enclosures

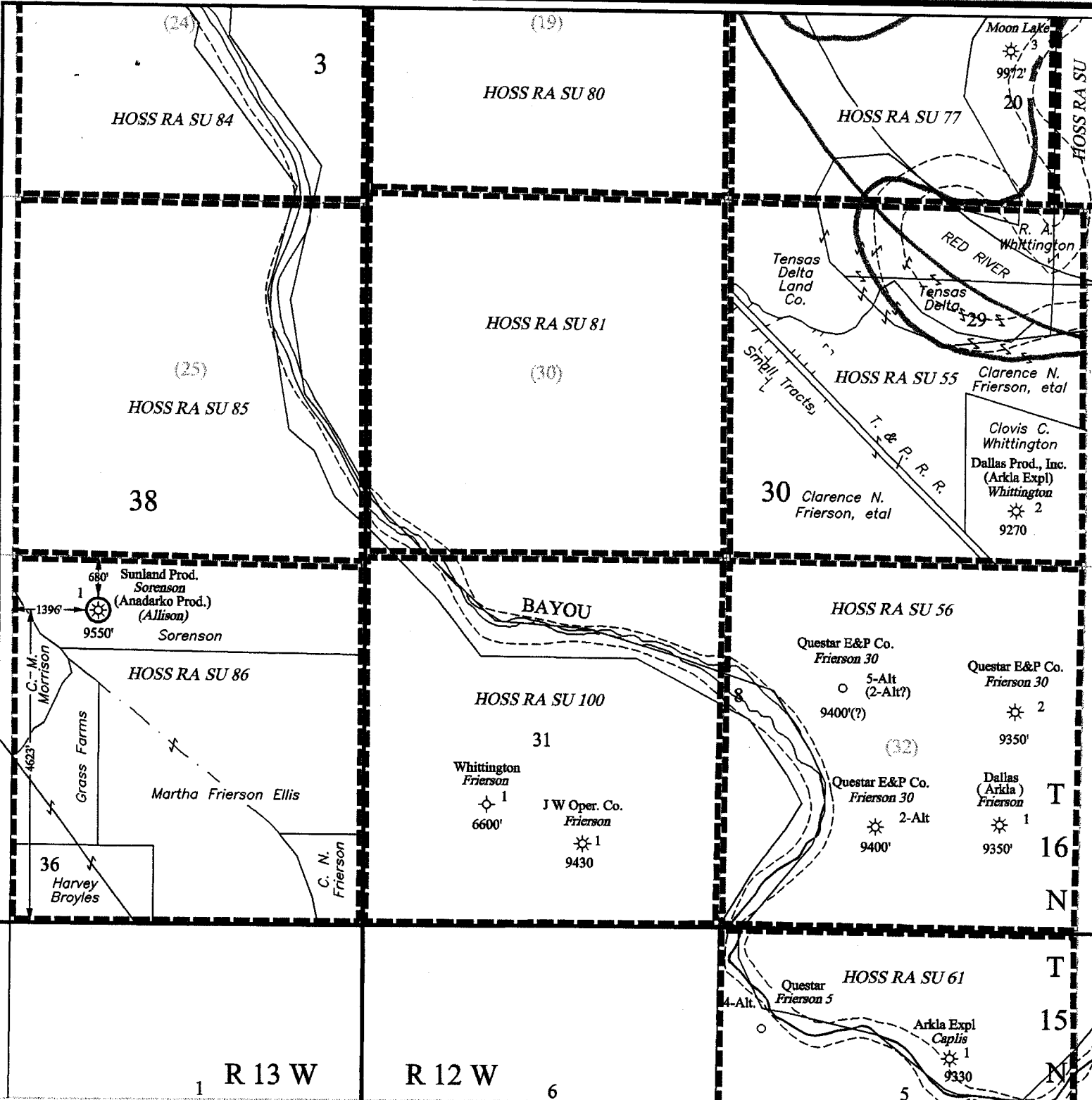
cc: Mr. Jim Broussard (w/encls.)
Mr. Don Easterwood (w/encls.)
Mr. Kevin Byram (w/encls.)
Interested Owners, Represented
Parties and Interested Parties (w/plats only)



SUNLAND PRODUCTION COMPANY, INC.
SHREVEPORT, LOUISIANA

ELM GROVE FIELD
CADDO & BOSSIER PARISHES, LOUISIANA
PROPOSED LOWER COTTON VALLEY RESERVOIR A SAND UNITS 67 & 68
AND
PROPOSED UNIT WELL AT EXCEPTIONAL LOCATION FOR
PROPOSED LCV RA SU 68





SUNLAND PRODUCTION COMPANY, INC. SHREVEPORT, LOUISIANA

ELM GROVE FIELD CADD O & BOSSIER PARISHES, LOUISIANA

**PROPOSED UNIT WELL AT EXCEPTIONAL LOCATION FOR
HOSS RA SU 86**

